

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



Fiscal Year 2006-07

Fund 101 – General Fund

William K. Cowan, County Manager

May 15, 2006

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I. EXECUTIVE SUMMARY

As Manager and Budget Officer for Rowan County, I am respectfully presenting the proposed operating budget of the General Fund for the fiscal year to begin on July 1, 2006. In accordance with the North Carolina General Statutes, the proposed budget is presented in balanced form and is being made available for public inspection upon release to each of you as County Commissioners. Staff and I are available to meet with any Commissioner to discuss this proposed budget at your convenience. It is planned that the Board will review and discuss this budget plan at budget workshops to be scheduled at our May 15, 2006 regular meeting.

The annual budget process begins with the Board of Commissioners holding its goals setting retreat in February. At this retreat, Commissioners provide the important road map for Rowan County in the coming fiscal year. This year's retreat focused primarily on the long-term capital needs of Rowan County. It is the responsibility of staff to develop a proposed budget and operating plan that includes how to effectively accomplish these objectives. Throughout the years, the Board of Commissioners has been committed to improving the quality of life of its residents through the continued support and financial investment in the public education system, the recruitment of new and better paying employment opportunities, the provision of human service programs for those citizens who need assistance, the provision of cultural and recreational opportunities and the provision of public safety and emergency services. Attachment 1 provides the reader with a summary of issues identified and prioritized in the February 2006 retreat.

1. The Economy and the Revenue Forecast for Fiscal Year 2006-07

Rowan County's economy is beginning to demonstrate signs of recovery since the economic slowdown of 2001. Investment in new and existing industrial development slowed and several major textile operations closed leaving thousands of workers without employment. The current year's fiscal budget has been affected by the lower than average growth in the County property tax base. On a positive note, Rowan County is beginning to realize gains in its sales tax from retail sales as well as from new and expanded employment opportunities. For fiscal year 2006-07, it is projected that these positive signals will continue to improve in the sales tax and employment opportunities, while the County's property tax base will continue to suffer through lower-than-average growth. It may take several years for the tax base to fully recover to its historic 4.7% annual growth.

It is projected that the Rowan County property tax base will grow by 2.2% during 2006 and will produce \$1,448,327 in new funds for possible expansion requests as compared to an average growth of 4.7% annually. Sales tax collections will reflect above-average growth locally as well as statewide. The projected increase in sales tax revenues from fiscal year 2005-06 to fiscal year 2006-07 is 7.3%. This projected growth will yield \$1,535,650 more in fiscal year 2006-07 than it did in the current fiscal year's projections.

After completing the proposed Continuation Budget, Rowan County will have \$1,648,562 in new funds to be used in considering the many justified requests from department directors and elected officials.

2. Proposed Current Expense County Funding of Public Schools

The proposed budget does provide for an increase in the current expense appropriation for the public school systems in fiscal year 2006-07. An adjustment was made in the current year's appropriation in accordance with the most recent student enrollment projections for next year. The projected enrollment for the Rowan-Salisbury School system is projected to increase by 94 students, or 0.4%. I am recommending an additional increase of \$2,800,113 in current expense funding. The additional funding is for the estimated expenses associated with the opening of Carson High School (\$1,500,000), Koontz Elementary (\$672,000) and continuation expenses (\$628,113).

3. The Manager's Recommended Expansion Budget For Fiscal Year 2006-07

Section IV provides the Board with detailed explanations of the recommendations for expanding services and programs for fiscal year 2006-07. The recommended tax rate for the proposed budget will remain at 63 cents per \$100 of valuation.

Public Assistance payments that are mandated under North Carolina General Statutes always demand a large share of "growth revenues"; however, this year Medicaid expenses are expected to decrease primarily because of the new federal Medicare Part B prescription drug benefits. In addition, the General Assembly is currently considering S1209, which may appropriate \$65 million statewide for county Medicaid relief for 2006-07, including an estimated \$401,194 for Rowan County. This revenue is not a consideration in my proposed budget because of its uncertainty at this time. Rowan County's share of the Medicaid Program payments for eligible recipients will decrease by \$678,695, or 9.2% to \$6.7 million. Other public assistance costs for special assistance to the aged and disabled are expected to increase by \$119,792, bringing the total estimated decrease in public assistance payments to \$558,903.

The County's commitment to its employees will require no increase in funding for the Employees' Medical Insurance Program. This is possible because of a reduction of benefits that will be outlined later in the budget message.

The County should make every effort to compensate its employees at comparable, competitive rates of pay. The Board has continued a practice of adjusting salaries of all regular employees according to the previous year's consumer price index. In 2005, the CPI was 3.4%. It is recommended that the Board provide a cost-of-living adjustment of 3.4% for fiscal year 2006-07, requiring an estimated \$953,188 in new County funds.

Other recommendations being made by the Manager include:

- a. A new records management system at the Sheriff's Department at an estimated cost of \$617,000. This will make the Sheriff's records compatible with the new Computer Aided Dispatch (CAD) system being proposed in the Communication Center and detailed in Fund 202.
- b. Funding the Salisbury-Rowan Economic Development Commission at its fiscal year 2005-06 level.
- c. Funding Rowan-Cabarrus Community College at 100% of its requested expansion for fiscal year 2006-07. The College is continuing to serve a tremendous number of unemployed residents who are seeking education and training.
- d. I am recommending approval of 16.5 new positions. County departments requested 77.5 new positions for fiscal year 2006-07 with 41 (52.9%) originating from the Sheriff's Office.

- e. Funding the Rowan Jobs Initiatives in the amount of \$100,000, which was a top five priority of the Board at the February retreat.
- f. Two projects are recommended for the Rowan County Detention Center. The Muffin Monster, which is a requirement of Salisbury-Rowan Utilities, will prevent future sewer spills, which has been a problem in recent years. The second project is the completion of “Pod B” in the Detention Center. Two million dollars (\$2M) would be appropriated from fund balance for this project. This was also a top five priority of the Board at the February retreat.

II. ESTIMATED AVAILABLE REVENUES FOR FISCAL YEAR 2006-07

It is projected that the estimated revenues the Board can expect to realize and collect from its various revenue sources based on past collections and forecasting future availability for fiscal year 2006-07 will be \$115,435,649, compared to \$111,968,344 as approved by the Board for the current fiscal year, or an increase of 3.1%.

1. Property Taxes: The County property tax base is estimated to grow through natural growth by 2.2% to \$9.754 billion in 2006. Thus, it is expected that property tax collections will increase by \$1,448,327 (inclusive of abatements and discounts). While Rowan County has experienced an annual average growth in its tax base of 4.7% for many years, the past several years have provided only minimal natural growth with no significant new industries. One major reason for below-average growth can be attributed to the number of plant closings that have left obsolete (financial) structures.
2. Local Option Sales Tax: Due to statewide economic improvement, Rowan County has realized a significant increase in the local option sales taxes collected during fiscal year 2005-06. Staff is estimating an additional 3.5% increase in the Article 39 local option sales tax (based on point of delivery) and an increase of 4.5% for Articles 40 and 42 (based on statewide sales and distributed according to population). Article 44 is projected to increase by 4.0%. Article 44 was the new one-half cent local option sales tax authorized by the 2002 General Assembly and enacted by the Board of County Commissioners effective December 1, 2002. It was intended to provide a revenue source to replace the four state revenues known as "State reimbursements" that were eliminated by the General Assembly in 2002.

As outlined in the North Carolina General Statutes, the local option one-half cent sales tax known as Article 40 (enacted in 1983) requires that 30% of the proceeds be restricted for public school capital outlay; also, the local option one-half cent sales tax known as Article 42 (enacted in 1988) restricts 60% of its proceeds for the same purpose. Staff estimates that these restricted revenues will provide \$4,514,400 for public school capital outlay. In accordance with the agreement with the Rowan-Salisbury Board of Education, a portion of the above referenced sales tax proceeds (\$2,455,000) will be allocated for the retirement of the principal amount of the 1993 general obligation bonds for school construction. The remaining balance of the estimated restricted local option sales taxes of \$2,059,400 is recommended to be appropriated in the fiscal year 2006-07 budget and dispersed to the two local public school boards.

3. Lottery Revenues: In the 2005 session of the North Carolina General Assembly, the North Carolina Education Lottery was enacted. It is estimated that the Lottery will generate \$1,214,285,714 once fully operational. Of this amount, \$161,500,000 or 40% is allocated to counties and school districts for school construction projects. The 40% allocation for school construction is distributed to each county by a formula. Sixty five percent is distributed to all LEA's based on a rate of \$74.69 per ADM. Thirty five percent is distributed to "eligible" LEA's at a rate of \$70.85 per ADM. Eligibility is determined by the county's effective tax rate. If the effective tax rate is above the state average, the county is eligible for the low wealth supplemental funding. Based on fiscal year 2005-06 data, Rowan County's effective tax rate is 0.6190 and the state average is 0.5960. Rowan County is projected to receive, once fully operational, \$1,561,044 from the LEA distribution and \$1,480,829 from the supplemental distribution.

My recommended budget projects \$2,500,000 from Lottery proceeds for fiscal year 2006-07 and is budgeted as debt service revenues.

III. CONTINUATION EXPENDITURE BUDGET FOR FISCAL YEAR 2006-07

The objective of the Continuation Budget is to maintain a level of services comparable to previous years while restricting increases in expenditures to those areas where either mandated or contractual obligations occur. For example, an effort has been made to allow minimal increases to recognize increases in utilities, repairs and maintenance, postage and other essential operating costs. Also, adjustments have been allowed for the replacement of needed equipment and vehicles. It is my responsibility to carefully analyze, review and adjust all requests to provide for a minimal overall growth in our continuing operations.

As part of the adjustment to the Continuation Budget, reductions were made for all one-time expenditures (capital outlay projects) and non-recurring expenditures such as retirement of debt service.

It is projected that the Continuation Budget will be \$114,271,283, which represents a decrease of \$2,629,339 or (2.2)% from the Board's original approved operating budget for fiscal year 2005-06 and includes the following major items:

1. No new positions are included except for those approved by the Board effective July 1, 2005 and in subsequent actions during the fiscal year. Salaries are listed at actual amounts approved during the fiscal year and adjusted to the County pay classification plan.
2. Operating expense adjustments were allowed for prior-year errors and documented needs beyond the control of the Department Head, as well as for needed adjustments for increases in program operations, replacement of equipment and vehicles and other essential operating costs.
3. The County's self-insured hospitalization program is budgeted for fiscal year 2006-07 at \$596.00 per month per employee. The program's current level of funding will be adequate to continue the program in the next fiscal year without an adjustment.
4. The Continuation Budget reflects debt service payments for all obligations incurred prior to July 1, 2006. Account 9100 provides a total payment of principal and interest for fiscal year 2006-07 in the amount of \$13,541,579, a decrease of 1.7% from the current fiscal year.
5. The replacement of motor vehicles was allowed for vehicles eligible under the County's vehicle replacement policy. Under the County plan, vehicles are eligible for replacement upon reaching 125,000 miles of service and/or based on condition. Vehicles are usually acquired through State Purchase and Contract guidelines and are placed in service in the third quarter of the fiscal year. Generally, the County enters into three-year financing for the acquisition of new and replacement vehicles. Under the County's replacement policy, it is anticipated that 28 vehicles will be replaced during fiscal year 2006-07 including:
 - 1 SUV for Airport
 - 2 Emergency ambulances
 - 21 Sheriff vehicles
 - 2 Environmental Services trucks
 - 1 Health truck
 - 1 Park truck

6. All appropriations made by the Board under "Contracts & Grants" in Account 7410 are reflected at the same amounts as in fiscal year 2005-06 except for those appropriations that were specifically approved for one time or had other limitations. Any request for an increase submitted by an agency or program is addressed in the expansion budget and is listed on Attachment 4.
7. The appropriations contained in the Continuation Budget for public schools' current expense and capital outlay are made in accordance with the projected average daily membership of each school unit. The State Department of Public Instruction provides these estimates. Counties are required by State Statute to appropriate county funds for current expense in accordance with this formula. Rowan County also follows this standard allocation formula for the appropriation of county funds for capital outlay. The estimated average daily membership percentages for school year 2006-07 are provided below:

<u>School System</u>	<u>FY 2003-04</u>		<u>FY 2004-05</u>		<u>FY 2005-06</u>		<u>FY 2006-07</u>	
	<u>Students</u>	<u>%</u>	<u>Students</u>	<u>%</u>	<u>Students</u>	<u>%</u>	<u>Students</u>	<u>%</u>
Rowan-Salisbury Schools	20,867	94.40	20,810	94.07	20,779	94.11	20,873	94.55
Kannapolis City Schools	1,155	5.22	1,199	5.42	1,164	5.27	1,129	5.11
Charter Schools	<u>84</u>	<u>.38</u>	<u>113</u>	<u>.51</u>	<u>137</u>	<u>.62</u>	<u>75</u>	<u>.34</u>
Totals	<u>22,106</u>	<u>100.00</u>	<u>22,122</u>	<u>100.00</u>	<u>22,080</u>	<u>100.00</u>	<u>22,077</u>	<u>100.00</u>

8. The appropriation made by the Board to Rowan-Cabarrus Community College has been continued at the same level as funded in fiscal year 2005-06. The College's request for an increase in County funding has been reflected in the proposed expansion budget.
9. The appropriation made by the Board to Piedmont Behavior Healthcare Program has been continued at the same amount as in fiscal year 2005-06. The Program did not request an increase in funding for fiscal year 2006-07.

IV. MANAGER'S RECOMMENDED EXPANSION BUDGET FOR FISCAL YEAR 2006-07

It is the Manager's responsibility to recommend a proposed operating budget to the Board of County Commissioners. Importantly, the responsibility also includes advising the Board on statutory regulations dealing with fiscal accountability under State law. For the Board's review of the proposed budget, every request submitted by all department directors and elected officials for expansion in programs, services, positions or other areas has been listed for the reader on Attachments 2-5 as follows:

Attachment 2 – FY2006-07 Expansion Budget Requests - Operating Expenditures

Attachment 3 – FY2006-07 Expansion Budget Requests - New Positions and Upgrades

Attachment 4 – FY2006-07 Expansion Budget Requests - Special Appropriations

Attachment 5 – FY2006-07 Expansion Budget Requests - Employee Reclassification Study

The Manager's recommendation for funding is outlined on Attachments 2 through 5. Detailed supporting information for these requests can be found in the FY2006-07 Budget Workbook under the appropriate section listed by department or agency.

Based on the calculation of new funds resulting from natural growth in the County's property tax base and sales tax revenues, and the reduction of non-recurring expenditures in the Continuation Budget, it is estimated that \$1,648,562 will be available for use in meeting the expansion requests.

The total amount of all expansion requests submitted for consideration totaled \$15,117,724 and represented, for the most part, efforts to improve and expand services and benefits to the citizens of our County; however, funds were not available to provide for all the requests unless the Board elects to substantially increase the current property tax rate. The recommended expenditures in the Expansion Budget total \$9,288,012.

The following is a summary of the major expenditures in the recommended Expansion Budget.

Public Assistance Payments (Mandated)

Rowan County is required to provide certain mandated services to its residents. The County is required under State Statute to appropriate County tax revenues to match the program requirements and pay its share of the payments made to eligible participants. These programs include Medicaid, Foster Care and Adoption Assistance.

Under the Medicaid (Title XIX Medical Assistance) Program, a decrease of 9.2% in the County's matching share is expected for fiscal year beginning July 1, 2006. The County's annual share of Medicaid costs can be affected by at least four factors: an increase in the number of eligible clients, an increase in service utilization by eligible clients, an increase in service provider rates, and the rate of participation that counties in North Carolina are required to pay. North Carolina is the only state that requires its counties to financially participate in Medicaid costs. For fiscal year 2006-07, the budget includes \$6,697,079 for its required share of Medicaid costs. The decrease is primarily due to the new federal Medicare Part B prescription drug benefit program, which is shifting some of the Medicaid burden to the Medicare program. In addition, the General Assembly is currently considering S1209, which may appropriate \$65 million statewide for county Medicaid relief for 2006-07, including an estimated \$401,194 for Rowan County.

Overall, the County will be able to decrease its public assistance payments in fiscal year 2006-07 by an estimated \$558,903 as follows:

<u>Program</u>	<u>Funds Required</u>
Medicaid	\$ (678,695)
Special Assistance - Aged	63,767
Special Assistance - Disabled	<u>56,025</u>
Total Mandated Program Decrease	<u>\$ (558,903)</u>

Employee Medical Insurance Program

Under the County's medical insurance program, the County maintains health insurance for its employees using a combination of self-insurance and supplemental coverage for major medical events. During the current fiscal year, the County's plan provided for a contribution of \$596.00 per month per employee, along with a contribution from any employee wishing to insure his/her family members. To date, we have experienced average claims. Based on our actual costs thus far this year and the recommended plan changes outlined below, the County will not have to budget any additional funds to support the medical insurance program this year.

- **80%** payment after deductible (currently 90%)
- **\$400** employee deductible (currently \$300) and **\$1,200** family deductible (currently \$900)
- **\$10, \$30 and \$50** drug card co-pays (currently \$10, \$20 and \$40)

Also, increase Parent/Child cost by **\$5** per pay period and Family cost by **\$10** per pay period.

Employee Cost-of-Living Adjustment

It has been Rowan County's practice to adjust all regular employee salaries annually by the actual consumer price index (CPI) for the previous calendar year effective July 1st. The actual consumer price index for calendar year 2005 was 3.4%. I am proposing that the Board continue its commitment to employees for providing comparable market salaries and fringe benefits by approving a cost-of-living adjustment. Total County funds needed amount to \$953,188.

Employee Classification Adjustment Plan

Annually, staff prepares for the Board an analysis of County salaries with other comparable counties/employers where competition may be found for like employment. Approximately one-fourth of the positions were studied this year. As a result of this analysis, I am recommending that the Board approve the plan to adjust positions found to have like job responsibilities that receive lower salaries than those in the market. The market adjustment proposal for fiscal year 2006-07 will require \$58,748 in new County funds as reflected on Attachment 5. The Personnel Board approved this recommendation on March 28, 2006.

Employee Merit Pay Plan

I am not recommending funding for the Merit program this year so the Board can fully fund the recommended COLA of 3.4%.

Capital Improvements

A. Rowan-Cabarrus Community College Classroom Building

At the Board's February retreat, the top priority for capital projects was the construction of this building. Also, on March 23, 2006, the Board voted unanimously to commit \$3,659,365 in local funds to this project. \$84,045 is included in the Expansion Budget to cover start-up costs associated with this project.

B. Emergency Ambulance Station in Salisbury

Since the closing of the downtown ambulance station in the 1990's, Rowan County has not had a central station to serve the County's highest call volume center. The former retail gas station that was purchased in 1984 at the corner of Liberty Street and North Main Street and converted into an ambulance station had to be closed when underground contamination was discovered from its previous use as a gas station. The area is currently served from the County's Old Concord Road station.

The Board supported locating a new ambulance station in Salisbury in its Capital Improvement Program and this item was the second highest capital spending priority at the February retreat. The station, depending on location, is expected to cost approximately \$400,000 - \$500,000. I am recommending a second crew to operate from this station in the expansion budget. The new station will provide the existing crews with better emergency service in the Salisbury coverage area.

C. South Rowan/Interstate 85 South Sewer Line

When presented with this proposal to construct a sewer outfall line down Interstate 85 in the Town Creek Basin, the Board immediately supported this plan as a principle step to attract major industrial, commercial and retail investment in the County's primary growth corridor. The project is estimated to cost \$6.5 million and will require approximately 2 years to complete, according to the City of Salisbury's plan. When completed, it will provide sewer capacity to each of the four remaining interchanges along I-85.

The proposal calls for Rowan County to share in the costs with the City of Salisbury at 50% each with the financing for the project to be obtained for ten (10) years. In the County's current budget, \$500,000 is appropriated for engineering and easement costs. The amount unspent at June 30, 2006 will be carried into fiscal year 2006-07 by an appropriation of the purchase order encumbrance. Additional funding for this project is not anticipated until fiscal year 2007-08. The City would coordinate the design and construction of the project, and will own and operate the line under the Salisbury-Rowan Utilities Department.

D. Detention Center Pod

The 1995 capacity of the Rowan County Detention Center was exceeded by the end of 1996. The construction of the Detention Center had met capacity when completed, but did not meet future capacity needs. A 48 bed POD was constructed in 1996 but not completed. The current capacity of 162 beds could be raised to 210 beds with the completion of the POD. The current facility places a strain on the staff and places severe limits on the adequate classification of inmates, medical and support services, and administrative space.

A sum of \$2,000,000 is appropriated from fund balance to complete this project. This was a top five priority of the Board at the February retreat.

Rowan-Cabarrus Community College

I am recommending that the Board provide additional funding to Rowan-Cabarrus Community College. During the past several years, the College has been faced with its most challenging effort of providing education and training to an unprecedented number of adults in Rowan County. The College has requested that the Board provide an increase of \$143,140 in its current expense allocation (a 9.4% increase) and an increase of \$9,559 in its capital outlay allocation (a 4.0% increase). My recommendation supports the College's request.

Proposed New Positions

During this year's budget preparation process, department heads and elected officials submitted requests for 77.5 new positions. Attachment 3 provides a listing of each request and the estimated costs. The Sheriff's Office requested 41 new positions, or 52.9% of the total new requests.

I am proposing that the Board add 16.5 new positions at a cost to the General Fund of \$764,449.

Special Appropriations To Non-County Agencies

Annually, many agencies and nonprofit groups request funds from Rowan County to operate their services. These special grants and appropriations are made on an annual basis with consideration to continue the funding. A complete listing of the requests can be found on Attachment 4.

The Rowan County Rescue Squad requested an increased appropriation of \$597,271 for 3.5 full-time staff positions, a vehicle replacement program and a per call stipend program. I am recommending an increased appropriation of \$118,400, which will provide funding for the per call stipend program and for a debt service plan for the vehicle replacement program.

I am recommending an appropriation of \$100,00 for the Rowan Jobs Initiative.

Public Schools

Current Expense

I am recommending an increase in the County's appropriation for current expense for fiscal year 2006-07 of \$2,800,113. The decision to recommend an increase is based on the funding needed for the expenses associated with the openings of Carson High School (\$1,500,000) and Koontz Elementary School (\$672,000) and increased local salaries, benefits, utility costs and other continuation items (\$628,113).

According to State published estimates for average daily memberships, it is projected that the Rowan-Salisbury Schools will operate in fiscal year 2006-07 with slightly more students than it did in the current year.

Proposed Funding of Current Expense To Schools For Fiscal Year 2006-07

<u>School System</u>	<u>Current Year Funding 2005-06</u>	<u>Proposed Increase (Decrease) in Continuation Budget</u>	<u>Proposed Increase in Expansion Budget For FY 2006-07</u>	<u>Total Proposed Funding for FY 2006-07</u>
Rowan-Salisbury Schools	\$ 24,976,358	\$ 112,988	\$ 2,800,113	\$ 27,889,459
Kannapolis City Schools	1,399,128	(42,070)	151,455	1,508,513
Charter Schools	<u>164,674</u>	<u>(74,524)</u>	<u>10,061</u>	<u>100,211</u>
Total Current Expense	<u>\$ 26,540,160</u>	<u>\$ (3,606)</u>	<u>\$ 2,961,629</u>	<u>\$ 29,498,183</u>

Important Note: The annual appropriation made to the schools for classroom teacher's supplies is not part of the current expense funding reflected above and has been continued in the Continuation Budget.

Special Appropriation For Teachers' Classroom Supplies

For the past several years, the Board of County Commissioners has appropriated a sum of County funds for the expressed purpose of providing supplies and materials to classroom teachers. The appropriation made by the Board has been in the amount of \$375,000 to the Rowan-Salisbury Schools with a comparable amount to the other two school units based upon average daily membership (ADM's). In fiscal year 2002-03, the Board of Commissioners approved a plan to directly reimburse the teachers in the Rowan-Salisbury School system after the Board of Education declined to accept the funds for the stated purpose. A process was developed by the Finance Director to reimburse teachers who submitted actual invoices for supplies and materials purchased with a maximum amount not to exceed \$250 per teacher.

The Board made this appropriation possible in addition to the regular appropriation in an effort to respond to teachers who had requested more money for their classrooms during the public hearings held in 1999. While to some teachers it appears that another method of distribution is desired, based on the number of teachers that participate each year, the program is much welcomed and correctly utilized to increase the availability of classroom supplies and materials.

I have included the funds for this appropriation in the Continuation Budget based on the most recent ADM calculation. In total, a sum of \$396,630 is available for the three school units. It is anticipated that the staff will handle the classroom supply funds in the same manner that it has in this fiscal year. I would however, recommend that the Board limit the time allowed for purchase to December 31st of the fiscal year in order to reduce unnecessary administrative time needed to process applications for payments. It is requested that staff be allowed to utilize a small portion of the anticipated unspent funds for supporting a part-time temporary employee to process the requests for reimbursements on a timely basis.

Capital Outlay

Under capital outlay, the Board has routinely appropriated the proceeds from the restricted portions of the local option sales tax to the public schools for use in capital outlay and technology. It is anticipated that the following amounts will be received and eligible for distribution during fiscal year 2006-07:

	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>Difference</u>
Estimated revenue from Article 40	\$ 1,324,800	\$ 1,504,800	\$ 180,000
Estimated revenue from Article 42	<u>2,632,005</u>	<u>3,009,600</u>	<u>377,595</u>
	3,956,805	4,514,400	557,595
Deduct: Principal payment of bonds	<u>(2,525,000)</u>	<u>(2,455,000)</u>	<u>70,000</u>
Sales tax appropriation to schools	<u>\$ 1,431,805</u>	<u>\$ 2,059,400</u>	<u>\$ 627,595</u>

The proposed appropriation for capital outlay utilizing the restricted portion of the local option sales tax based on the projected average daily membership (ADM's) for fiscal year 2006-07 will be:

Rowan-Salisbury Schools	\$ 1,953,725
Kannapolis City Schools	<u>105,675</u>
Total appropriation for FY 2006-07	<u>\$ 2,059,400</u>

Public Schools General Obligation Bonds - Second Sale

In April 2005, finance staff completed the second sale of the 2002 Public Schools Bonds. When approved in 2002, the referendum supported the sale of \$76.9 million of general obligation bonds to construct and renovate public school facilities in Rowan County. The plan presented to the voters of Rowan County stated that \$76.9 million would be sold to construct and renovate a specific listing of school facilities, and 6.7 cents of property tax revenues would be needed to pay for indebtedness of the financing over a fifteen-year period.

The first sale of \$31.6 million was completed in 2003. The second sale of the remaining \$45.3 million was completed in April 2005. Debt service on these bonds in fiscal year 2006-07 is \$5,880,600.

The County has committed to borrow \$6.0 million to complete the projects detailed in the 2002 referendum. Loan proceeds will be needed in the first quarter of fiscal year 2006-07. Principal and interest payments due in fiscal year 2006-07 are estimated to be \$200,000 and \$211,493, respectively.

**ROWAN COUNTY
COMMISSIONERS' PRIORITIES
2006 Commissioners Retreat**

ATTACHMENT 1

Project	Priorities						Dates	Million Cost	Thousands Debt
	Chamberlain	Sides	Tadlock	Blount	Mitchell	Average			
RCCC Classroom Building	10	10	10	10	10	10	1	2006 \$ 3.66	\$ 454
Salisbury EMS Station	10	8	10	10	9	9.4	2	2006 0.5000	-
I-85 Sewer Project	10	5	10	10	10	9	3	2006 3.2500	452
Airport Hanger Lease Plan	10	8	8	10	9	9	4	2006 -	-
Detention Pod Center	7	10	10	6	9	8.4	5	2006 2.0000	330
Rowan Jobs Initiative	10	0	10	10	9	7.8	6	2006	
Airport Improvements	6	7	8	10	5	7.2	7	2007 0.6600	
Fairground Lease--Year to Year	3	4	10	10	5	6.4	8	2007	
Courthouse Needs	5	6	8	6	6	6.2	9	???? 1.9360	380
School Central Office	6	0	7	9	9	6.2	10		
S. Rowan Sheriff's Office	6	4	7	6	6	5.8	11	2006 0.0015	-
Central Warehouse	7	4	6	6	5	5.6	12	2007 3.2000	505
RTA Office & Parking Area	5	5	5	5	5	5	13		
Airport Maintenance Facility	5	3	4	6	4	4.4	14	2008 0.6000	
Others								2007 1.4000	

\$ 17.2075	\$ 2,121
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2006	\$ 9.4115	\$ 1,236
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ROWAN COUNTY
FY 2006-07 EXPANSION BUDGET REQUESTS WITH MANAGER'S RECOMMENDATIONS
OTHER EXPENDITURES

Department	Line Item	Proposed Expansion	Source of Funding				Manager's Recommendation
			Fed/State	Fees	Other Sources	County	
FUND 101 - GENERAL FUND							
4110 - General Government	COLA	1,049,610	96,422	-	-	953,188	953,188
4110 - General Government	Position reclassifications	62,138	3,390	-	-	58,748	58,748
4110 - General Government	Increase merit pay	-	-	-	-	-	-
4110 - General Government	Increase in health insurance	-	-	-	-	-	-
4134 - Administration	Renovate outside walls of Rowan Museum	200,000	-	-	-	200,000	
4134 - Administration	Muffin monster for Detention Center	280,000	-	-	-	280,000	280,000
4134 - Administration	Lawn mower and bagger	10,500	-	-	-	10,500	10,500
4135 - Court Facilities	Boiler	105,000	-	-	-	105,000	105,000
4135 - Court Facilities	Additional surveillance cameras for Justice Center	12,000	-	-	-	12,000	12,000
4135 - Court Facilities	Courthouse renovations - Paint, carpet, curtains	40,000	-	-	-	40,000	40,000
4135 - Court Facilities	Carpeting in District Courtrooms 1 and 2	32,000	-	-	-	32,000	32,000
4139 - Airport Operations	Gator	7,000	-	-	-	7,000	
4140 - County Assessor	Laptop computer for field review	1,200	-	-	-	1,200	1,200
4140 - County Assessor	Sprint connection for laptop computer	720	-	-	-	720	720
4330 - EMS	Continuity of Operations Disaster Readiness Plan Development (may be able to obtain grant funds)	37,500	-	-	-	37,500	37,500
4332 - EMS Fire Division	Foam eductors and nozzles for County foam tanker	6,100	-	-	-	6,100	6,100
4332 - EMS Fire Division	Fire records management system implementation - Phase 2	10,000	-	-	-	10,000	10,000
4332 - EMS Fire Division	Monthly allotment to municipal fire districts	29,700	-	-	-	29,700	
4371 - EMS	(5) Routers to submit ambulance call reports electronically	1,500	-	-	-	1,500	1,500
4371 - EMS	Microsoft office software on existing laptop computers	2,250	-	-	-	2,250	2,250
4371 - EMS	Emergency generator - East Rowan Station	9,000	-	-	-	9,000	9,000
4371 - EMS	Emergency generator - W NC 152 Station	9,000	-	-	-	9,000	9,000
4371 - EMS	Computer based vehicle monitoring	48,000	-	-	-	48,000	
4371 - EMS	(7) Additional laptop computers and licenses for ambulances	38,150	-	-	-	38,150	
4371 - EMS	Continuous positive airway pressure delivery system	14,290	-	-	-	14,290	
4371 - EMS	(75) Alpha pagers for EMS employees	7,200	-	-	-	7,200	7,200
4371 - EMS	(14) Radio modems for EMS vehicles - \$41,300 (Will need in FY 2008)	-	-	-	-	-	
4371 - EMS	PDA STAT Manikin comprehensive testing/training platform	8,500	-	-	-	8,500	8,500
4410 - Sheriff	Closed circuit TV first appearance system for District and Superior Court	45,000	-	-	-	45,000	45,000
4410 - Sheriff	(15) Mobile data terminals with docking stations and modem	82,500	-	-	-	82,500	
4410 - Sheriff	Computer forensic hardware and software	9,600	-	-	-	9,600	
4410 - Sheriff	Computer hardware and software from OSSI, Inc.	617,000	-	-	-	617,000	617,000
4410 - Sheriff	Records scanning and storage system for Detention Center	9,085	-	-	-	9,085	
4410 - Sheriff	(10) In-car radar speed measuring device	12,000	-	-	-	12,000	12,000
4410 - Sheriff	(10) X26 Taser less-than-lethal weapon	8,000	-	-	-	8,000	
4410 - Sheriff	"More Hits" forensic tracking system software	3,500	-	-	-	3,500	3,500

ROWAN COUNTY
FY 2006-07 EXPANSION BUDGET REQUESTS WITH MANAGER'S RECOMMENDATIONS
OTHER EXPENDITURES

Department	Line Item	Proposed Expansion	Source of Funding				Manager's Recommendation
			Fed/State	Fees	Other Sources	County	
4410 - Sheriff	Electrostatic dust print lifter	700	-	-	-	700	700
4410 - Sheriff	Forensic fluorescence light kit	4,500	-	-	-	4,500	4,500
4410 - Sheriff	Down draft workstation	3,800	-	-	-	3,800	
4410 - Sheriff	(2) BowFlex exercise equipment machines	4,800	-	-	-	4,800	
4410 - Sheriff	Relocation of Southern Rowan (N Kannapolis) Satellite Office	20,000	-	-	-	20,000	20,000
4410 - Sheriff	Expansion of Sheriff's office facilities and relocate public lobby	20,000	-	-	-	20,000	20,000
4410 - Sheriff	Special legal counsel	15,000	-	-	-	15,000	
4610 - Telecommunications	Chain link fence around Poole Town tower site	1,300	-	-	-	1,300	1,300
4610 - Telecommunications	New card key lock for last door into the Communications Center	1,850	-	-	-	1,850	1,850
4610 - Telecommunications	Wireless headsets for telecommunicators	3,155	-	-	-	3,155	3,155
5110 - Health	Automatic front door	8,000	-	-	-	8,000	8,000
5185 - Health	(2) Computer monitors and printers	4,400	-	-	-	4,400	4,400
5165/5210/5255 - Health	Solid windows for medical records and immunizations reception area	1,000	-	-	-	1,000	
5310 - Social Services	Photo Shop/printers/color printer/filing cabinets/duplexers/quick pads	6,933	3,467	-	-	3,466	3,466
5310 - Social Services	(1) Power point projector and (2) Lexmark network printers	6,380	3,190	-	-	3,190	3,190
5330 - Social Services	In-home aide payments	1,300	-	-	-	1,300	1,300
5425 - Social Services	IV-E foster board payments	59,121	37,837	-	-	21,284	21,284
5450 - Social Services	Special assistance - aged	63,767	-	-	-	63,767	63,767
5455 - Social Services	Special assistance - disabled	56,025	-	-	-	56,025	56,025
6110 - Library	Wireless access points	4,800	-	-	-	4,800	4,800
6110 - Library	(2) Vending (coin-op) machines/(12) end panels/(2) on-line catalog stations	11,000	-	-	-	11,000	11,000
6230 - Parks	Renovate (2) putt-putt golf courses	175,000	-	-	-	175,000	
6230 - Parks	Resurface tennis courts	23,200	-	-	-	23,200	
6230 - Parks	CCTV security system	17,435	-	-	-	17,435	17,435
6237 - Parks	Ballfield lights at Ellis Park	60,000	-	-	14,826	45,174	
7110 - RCCC	Increase in current expense	143,140	-	-	-	143,140	143,140
7110 - RCCC	Increase in capital outlay	9,559	-	-	-	9,559	9,559
7110 - RCCC	Classroom building - Year 1	84,045	-	-	-	84,045	84,045
7120 - Rowan-Salisbury Schools	Increase in current expense	5,177,579	-	-	-	5,177,579	2,800,113
7130 - Kannapolis City Schools	Increase in current expense	220,697	-	-	-	220,697	151,455
7130 - Kannapolis City Schools	Increase in capital outlay	165,825	-	-	29,723	136,102	
7140 - Rowan Charter Schools	Increase in current expense	-	-	-	-	-	10,061
9100 - Debt Service CIP	Airport maintenance hangar (\$600,000 over 5 years)	78,000	-	-	-	78,000	
9100 - Debt Service CIP	Town Creek/I-85 interceptor sewer extension (Carry forward \$500,000)	-	-	-	-	-	
9100 - Debt Service CIP	Salisbury Ambulance Station (\$500,000 over 5 years)	125,500	-	-	-	125,500	500,000
9100 - Debt Service CIP	Administration Building renovations (\$517,500 over 5 years)	67,275	-	-	-	67,275	
9100 - Debt Service CIP	East Rowan Library Branch renovations (\$310,500 over 5 years)	40,365	-	-	-	40,365	
9100 - Debt Service CIP	Dan Nicholas Park - Additional parking & camping (\$414,000 over 5 years)	53,820	-	-	-	53,820	
9100 - Debt Service	Detention Center Pod "B" (\$2,000,000 over 7 years)	202,858	-	-	-	202,858	2,000,000

ROWAN COUNTY
FY 2006-07 EXPANSION BUDGET REQUESTS WITH MANAGER'S RECOMMENDATIONS
OTHER EXPENDITURES

Department	Line Item	Proposed Expansion	Source of Funding				Manager's Recommendation
			Fed/State	Fees	Other Sources	County	
9100 - Debt Service	Courthouse renovations - Probation & courtroom (\$1,935,900 over 7 years)	196,356	-	-	-	196,356	
9100 - Debt Service	Central Warehouse (\$3,250,600 over 10 years)	260,048	-	-	-	260,048	
	FUND 101 - GENERAL FUND	10,206,576	144,306	-	44,549	10,017,721	8,206,451
Add: Expansion requests for new positions and upgrades		4,598,313	242,789	-	-	4,355,524	853,928
Add: Expansion requests for Special Appropriations		721,321	-	-	-	721,321	227,633
Total expansion requests		15,526,210	387,095	-	44,549	15,094,566	9,288,012
Add: Continuation expenditures						114,271,283	114,271,283
Total requested expenditures						129,365,849	123,559,295
Total estimated revenues						115,435,649	115,435,649
Total appropriated fund balance						484,196	8,123,646
Sub-total estimated revenues and appropriated fund balance						115,919,845	123,559,295
Total requested expenditures						129,365,849	123,559,295
Revenues and appropriated fund balance over (under) requests						(13,446,004)	-
Note: Appropriated fund balance consists of the following:							
\$3,821,580 in capital (one-time) expenditures							
\$ 484,196 in restricted fund balance							
\$3,817,870 in unrestricted fund balance							
The County expects to appropriate fund balance in the new year of approximately \$1,700,000 for carryover of purchase orders.							

ROWAN COUNTY
FY 2006-07 EXPANSION BUDGET REQUESTS WITH MANAGER'S RECOMMENDATIONS
OTHER EXPENDITURES

Department	Line Item	Proposed Expansion	Source of Funding			Manager's Recommendation
			Fed/State	Fees	Other Sources	
FUND 202 - EMERGENCY TELEPHONE SYSTEM FUND						
4615/4616 - Telecommunications	Computer Aided Dispatch (CAD) software and hardware	700,000	-	92,837	607,163	- Yes
4615/4616 - Telecommunications	E-911 telephone system	300,000	-	-	300,000	-
	FUND 202 - EMERGENCY TELEPHONE SYSTEM FUND	1,000,000	-	92,837	907,163	-
FUND 601 - LANDFILL FUND						
4715 - Recycling Program	Paving projects at Landfill	84,421	-	-	84,421	- Yes
4715 - Recycling Program	Paving projects at Recycling Center	200,000	50,000	-	150,000	- Yes
	FUND 601 - LANDFILL FUND	284,421	50,000	-	234,421	-

ROWAN COUNTY
FY 2006-07 EXPANSION BUDGET REQUESTS WITH MANAGER'S RECOMMENDATIONS
NEW POSITIONS/UPGRADES

Dept Number	DEPARTMENT	POSITION TITLE	Salary	ESTIMATED COST Benefits	Equipment	TOTAL POSITION(S)	OTHER FUNDS	COUNTY FUNDS	MANAGER'S RECOMMENDATIONS
FUND 101 - NEW POSITIONS									
4125	Finance	(1) Internal Auditor	46,969	14,544	2,800	64,313	-	64,313	
4131	Human Resources	(1) PTB Human Resources Tech I	21,546	10,543	-	32,089	-	32,089	
4170	Board of Elections	(1) PTB Elections Deputy	12,340	9,142	-	21,482	-	21,482	
4210	Information Systems	(1) Webmaster	40,528	13,530	2,300	56,358	-	56,358	
4330	EMS/Telecommunications	(1) Emergency Management Planner	38,585	13,223	2,825	54,633	-	54,633	
4332	Fire Marshall	(1) Part-time Assistant Fire Marshall	5,000	997	-	5,997	-	5,997	
4371	Emergency Services	(4) Paramedics for second Salisbury EMS crew	114,912	51,480	24,500	190,892	-	190,892	190,892
4371	Emergency Services	(1) EMS System Training Officer	44,282	14,122	-	58,404	-	58,404	58,404
4371	Emergency Services	(6) Paramedics for second West Rowan EMS crew	172,368	77,220	162,496	412,084	-	412,084	
4410	Sheriff's Dept	(12) Patrol Deputies	362,112	157,500	447,000	966,612	-	966,612	
4410	Sheriff's Dept	(1) Evidence/AFIS Technician	31,695	13,424	37,875	82,994	-	82,994	
4410	Sheriff's Dept	(4) Drug & Vice Investigators	133,172	54,952	155,000	343,124	-	343,124	171,562
4410	Sheriff's Dept	(4) Detention Escort Deputies	120,704	52,500	23,900	197,104	-	197,104	
4410	Sheriff's Dept	(4) Court Deputies	120,704	52,500	23,900	197,104	-	197,104	
4420	Sheriff's Dept	(8) Detention Housing Security Officers	241,408	101,216	40,000	382,624	-	382,624	95,656
4420	Sheriff's Dept	(4) Detention Officers & (1) Escort Officer for POD "B"	150,880	63,260	25,000	239,140	-	239,140	
4420	Sheriff's Dept	(1) Registered Nurse	44,716	15,279	-	59,995	-	59,995	59,995
4420	Sheriff's Dept	(1) Food Service Worker	22,469	11,260	200	33,929	-	33,929	33,929
4420	Sheriff's Dept	(1) Detention Escort Officer	30,176	12,652	5,000	47,828	-	47,828	
4610	Telecommunications	(6) Telecommunicators	151,688	66,788	-	218,476	-	218,476	
4610	Telecommunications	(1) Deputy Director of Telecommunications	40,528	13,531	-	54,059	-	54,059	
4610	Telecommunications	(1) GIS Training Specialist	36,733	12,934	-	49,667	24,834	24,833	
4750	Environmental Services	(2) Codes Enforcement Officers	66,584	26,516	48,426	141,526	-	141,526	70,763
4950	Cooperative Extension	(1) 4-H & Youth Program Assistant	24,000	10,588	-	34,588	-	34,588	
5160	Health Dept	(1) Nutritionist II	34,968	12,427	-	47,395	47,395	-	YES
5310	Social Services	(1) Social Worker III - Child Protective Services Investigation	38,585	14,230	11,666	64,481	-	64,481	
5310	Social Services	(1) Social Worker II - Special Assistance In-Home Program	34,968	13,565	6,866	55,399	26,592	28,807	28,807
5310	Social Services	(2) Income Maintenance Caseworker II - Adult Medicaid Program	60,352	25,220	7,070	92,642	46,324	46,318	23,159
5310	Social Services	(1) Part-time Office Assistant III - Child Support	11,234	8,920	3,735	23,889	15,766	8,123	8,123
5310	Social Services	(1) Income Maintenance Caseworker II - Food Stamps & Medicaid	30,176	12,610	3,535	46,321	23,162	23,159	23,159
5310	Social Services	(1) Social Worker III - Adult Home Specialist	38,585	14,230	6,866	59,681	22,678	37,003	
5310	Social Services	(1) Income Maintenance Caseworker II - Adult Medicaid Intake	30,176	12,610	3,535	46,321	23,161	23,160	
	Subtotal New Positions		2,353,143	983,513	1,044,495	4,381,151	229,912	4,151,239	764,449

ROWAN COUNTY
FY 2006-07 EXPANSION BUDGET REQUESTS WITH MANAGER'S RECOMMENDATIONS
NEW POSITIONS/UPGRADES

Dept Number	DEPARTMENT	POSITION TITLE	ESTIMATED COST			TOTAL POSITION(S)	OTHER FUNDS	COUNTY FUNDS	MANAGER'S RECOMMENDATIONS
			Salary	Benefits	Equipment				
FUND 101 - UPGRADES									
4140	Assessor	(2) PTB Office Asst. III upgraded to full-time Office Asst. III	20,875	3,285	-	24,160	-	24,160	12,080
4330	EMS	(2) EMTs reclassified from 40 hour week to 24 hour rotating shifts	10,900	2,093	-	12,993	-	12,993	12,993
4410	Sheriff	(1) Sergeant upgraded to Lieutenant	2,321	463	-	2,784	-	2,784	
4410	Sheriff	(1) Position upgraded to Sergeant	1,943	432	-	2,375	-	2,375	2,375
4410	Sheriff	Increase overtime funds	10,000	1,994	-	11,994	-	11,994	
4417	Sheriff	Partial funding for Security Coordinator (that not funded by Justice Grant)	38,585	16,030	-	54,615	11,084	43,531	43,531
4430	Sheriff	Increase in part-time salaries for courthouse security	50,000	9,970	-	59,970	-	59,970	
4610	Telecommunications	Increase in part-time salaries	6,000	993	-	6,993	-	6,993	6,993
5010	Soil & Water	(1) Staff position - 2% COLA increase	2,020	334	-	2,354	1,793	561	
5190	Health/Animal Control	(1) PTB Animal Shelter Attendant to full-time	9,697	1,810	-	11,507	-	11,507	11,507
6230	Parks & Recreation	(1) Senior Games Coordinator upgraded from part-time to PTB	1,175	9,369	-	10,544	-	10,544	
6230	Parks & Recreation	(1) Office Assistant III upgraded from part-time to PTB	7,068	9,805	-	16,873	-	16,873	
		Subtotal Upgrades	160,584	56,578	-	217,162	12,877	204,285	89,479
		Fund 101 - Total New Positions/Upgrade Requests	2,513,727	1,040,091	1,044,495	4,598,313	242,789	4,355,524	853,928
FUND 202 - NEW POSITIONS									
4712	Env. Services/GIS	(1) GIS Application Specialist	38,967	13,285	4,708	56,960	-	56,960	
		Fund 202 - Total New Positions	38,967	13,285	4,708	56,960	-	56,960	-

ROWAN COUNTY						
FY 2006-07 EXPANSION BUDGET REQUESTS WITH MANAGER'S RECOMMENDATIONS						
SPECIAL APPROPRIATIONS						
Line Item	Item Number	FY2005 Actual	FY2006 Appropriation	FY2007 Continuation	FY2007 Expansion Request	Manager's Recommendation
Army Aviation Flight Facility	91-10	5,100	4,947	4,947	153	153
Cabarrus\Rowan MPO	91-28	15,111	15,167	15,167	285	285
Chamber of Commerce	91-19	2,500	2,425	2,425	1,075	75
Chamber of Commerce (Focused Forward through FY 2008)	91-19	10,000	10,000	10,000	-	
Charlotte Regional Partnership	91-14	39,876	39,876	39,876	64	64
Economic Development Commission	91-18	297,957	289,018	289,018	-	
EDC Certified Site Program	91-57	15,038	24,962	-	-	
Farmland Preservation	91-45	140,000	200,000	-	-	
Forestry Service	91-22	35,848	44,700	44,700	5,500	5,500
High Rock Buoy Maintenance Program	91-24	-	7,500	-	-	
Information & Referral Services (now funded by United Way)	91-50	3,000	2,910	-	-	
Kannapolis Centennial	91-60	-	3,125	-	-	
Landmark's Commission	91-75	30,000	-	-	-	
NC Civil War Trail	91-80	-	200	200	-	
NC Transportation Museum	91-32	25,000	24,250	24,250	750	750
National Guard	91-30	1,500	1,455	1,455	253	253
Nazareth Children's Home	91-33	70,000	-	-	-	
Rowan Arts Council	91-48	24,950	24,202	24,202	-	
Rowan Jobs Initiative	91-59	150,000	-	-	100,000	100,000
Rowan Museum	91-36	10,000	9,700	9,700	5,300	300
Rowan Rescue Squad	91-38	201,750	195,698	195,698	597,271	118,400
Rowan Vocational Opportunities	91-34	53,126	51,532	51,532	-	
Rufty Holmes Senior Citizens Center	91-44	33,000	32,010	32,010	7,990	990
Salisbury/Rowan Human Rel Council	91-42	3,500	3,395	3,395	105	105
Third Creek Watershed Main (Iredell Soil & Water)	91-46	5,534	5,534	5,534	-	
Water Works (5 years through FY 2006)	91-53	10,000	10,000	-	-	
YMCA (5 years through FY 2006)	91-55	10,000	10,000	-	-	
Yadkin-PeeDee Lakes Project	91-54	2,500	2,425	2,425	2,575	758
		1,195,290	1,015,031	756,534	721,321	227,633

****2006 RECOMMENDED RECLASSIFICATIONS****

[illegible]

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



Fiscal Year 2006-07

Fund 201 – Fire District Fund

William K. Cowan, County Manager

May 15, 2006

I. EXECUTIVE SUMMARY

The Fire District Fund was established by the Board of Commissioners to account for fire and special service district taxes levied by the Board for the purpose of providing fire services to the unincorporated areas of Rowan County.

We have received two requests for proposed increases in the tax rate for fiscal year 2006-07. They are as follows:

<u>Fire District/Department</u>	<u>Increase</u>
Enochville Volunteer Fire Department	2.0 cents
Franklin Volunteer Fire Department	0.2 cents

Upon review of these requests for increases, it is apparent that the requests are being made in order that better fire fighting services can be provided to the residents of the districts. The requests have been reviewed by the duly appointed Fire Commissioners and fall within the range of taxes previously approved (3.5 cents – 7.0 cents) for other departments. As Manager, I am recommending that the Board approve these requests for fiscal year 2006-07.

II. ESTIMATED AVAILABLE REVENUES AND EXPENDITURES FOR FISCAL YEAR 2006-07

Ad valorem taxes	<u>\$ 2,717,756</u>
Total Estimated Revenues	<u>\$ 2,717,756</u>
Public safety:	
Fire Districts	<u>\$ 2,717,756</u>
Total Estimated Expenditures	<u>\$ 2,717,756</u>

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



Fiscal Year 2006-07

**Fund 202 – Emergency Telephone
System Fund**

William K. Cowan, County Manager

May 15, 2006

I. ESTIMATED AVAILABLE REVENUES FOR 2006-07

The Emergency Telephone System Fund was established in accordance with the North Carolina General Statutes and provides counties with the opportunity to secure partial financial support from telephone ratepayers to support the cost of an emergency 911 telecommunications response system. The statutes require any surcharge authorized by the County Board of Commissioners to be accounted for separately. The Board of County Commissioners established a surcharge on all telephone lines at a rate of sixty-five (65) cents per month for the purpose of providing emergency E911 dispatching and related services.

In addition, the North Carolina General Assembly authorized the “Wireless Telephone Surcharge Fund” that includes the provision that mobile telephone providers must develop technology to identify the location of the mobile telephone user in the event of a call for emergency assistance. It also provides local governments who operate emergency telephone assistance services (911) revenues to provide the technological capability within existing 911 systems. These funds are regulated by the State of North Carolina and fees are established on a statewide basis.

It is estimated that Rowan County will receive the following revenues to be used in Fund 202 for fiscal year 2006-07:

Wireline telephone surcharges	\$ 450,000
Investment earnings	15,000
Wireless telephone surcharges	<u>218,000</u>
Total Estimated Revenues	<u>\$ 683,000</u>

II. CONTINUATION EXPENDITURE BUDGET FOR 2006-07

As its primary purpose, the Emergency Telephone System Fund supports the operations of the E911 telecommunications program. The secondary purpose of the fund is to implement a GIS system to support and enhance the County’s emergency delivery systems. In 1997-98, the County began designing and implementing the system. A plan was presented and approved by the Board of Commissioners to provide funds to establish and implement programs to enhance the delivery of emergency services for Rowan County citizens. The contract for the implementation of the GIS system was completed in fiscal year 2004-05.

The Fund will support the following expenditures:

Wireline program	\$ 248,187
Wireless program	218,000
GIS program	<u>216,813</u>
Total Estimated Expenditures	<u>\$ 683,000</u>

III. EXPANSION EXPENDITURE BUDGET FOR 2006-07

The E911 Center is seeking to upgrade its current CAD (Computer Aided Dispatch) software to a Windows-based platform. The current system is more than 15 years old and has served the County and the Department well, but the County now finds itself at a crossroads concerning connectivity and interoperability with other agencies. For example, the EMS Department recently purchased new Windows-based EMS reporting software that will not connect with our existing CAD system. This connectivity issue is requiring additional man hours to re-enter data a second time that could easily be downloaded at the completion of a call for service with a new system. The Sheriff's Office has also purchased laptops for their vehicles, but cannot send data directly to their vehicles because the laptops do not interface with the out-dated CAD system. This upgrade would allow all agencies to share data throughout all Public Safety Agencies, thereby saving time and money, and better protecting field responders. The amount recommended in the expansion budget for this project is \$700,000. There are adequate reserve funds available in this Special Revenue Fund to finance this project.

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



Fiscal Year 2006-07

Fund 501 – Risk Management Fund

William K. Cowan, County Manager

May 15, 2006

I. EXECUTIVE SUMMARY

On July 1, 1992, the Board of Commissioners approved a plan to operate its workers compensation program as a self-insured entity. Under the plan, premiums charged to each department based on approved rates are set aside in a separate fund as opposed to remittance to the insurance company. Actual claims are then handled internally and deducted from the actual cash in the fund. Specific stop-loss insurance is obtained to protect the County against a catastrophic accident (\$250,000). The plan to self-insure the County for workers compensation was developed as a means of controlling the County's costs.

On July 1, 1998, the Board approved a partnership with Cabarrus County to establish a risk management self-retention program in an effort to better control the cost of insurance in the areas of professional liability, general liability, property and vehicles. The concept of Carolina Governmental Alliance is much the same as the County's workers' compensation program except that a pooling of resources allows more efficient purchasing of "umbrella" policies for the County in case of major events.

It is recommended that the County continue its membership in the Alliance with Cabarrus County. The ultimate objectives of the Alliance are to increase membership by adding comparable counties so that purchasing power for insurance is beneficial to all members and costs are reduced, and to become independent from the need to purchase any insurance.

II. ESTIMATED AVAILABLE REVENUES FOR 2006-07

It is estimated that the County will transfer from its General Fund departmental charges in the sum of \$568,028 for workers compensation premiums for the fiscal year beginning July 1, 2006. These premiums are reflected as charges in individual departmental budgets. A transfer is made bi-weekly to reflect the expenses. Premiums are based on rates assigned by insurance rating companies to various classifications of employees in accordance with the relative risk of the jobs. These rates are adjusted annually based on the occurrence history and costs of medical care.

It is important to note that because of the success of the self-insurance program and relatively tight budgets due to the current economic climate, we have not adjusted premiums for some period of time and the rates charged to departments do not reflect "market" rates that would be charged by private insurance providers in the workers compensation field. The recent increase in the number of injuries in the Sheriff's Department and other departments would have certainly increased the County's rates substantially. Due to these injuries, it is projected that we will experience a loss in the current year operations (expenditures in excess of revenues).

It is recommended that the sum of \$425,000 be transferred from the General Fund for professional and property liability. The transfer represents the estimated costs to be incurred by the County for the purchase of insurance policies and establishment of reserves.

The estimated revenues are as follows:

Charges for services	\$ 568,028
Investment earnings	50,000
Insurance – settlements	200,000
Transfer from other funds	425,000
Appropriated fund balance	<u>48,000</u>
Total Estimated Revenues	<u>\$ 1,291,028</u>

III. CONTINUATION EXPENDITURE BUDGET FOR 2006-07

For 2006-07, it is estimated that the workers compensation program will support the claims incurred by employees injured while working on the job. We have estimated that actual claims will not exceed the budgeted amount of \$650,269. Adequate reserves will be available to address major incidents. In addition, insurance to provide a stop loss maximum of \$250,000 has been acquired.

Administration	\$ 97,709
Professional and property liability	460,000
Workers' compensation	719,019
Transfer to other funds	<u>14,300</u>
Total Estimated Expenditures	<u>\$ 1,291,028</u>

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



Fiscal Year 2006-07

Fund 601 – Landfill Fund

William K. Cowan, County Manager

May 15, 2006

I. ESTIMATED AVAILABLE REVENUES FOR 2006-07

It is estimated that the Board can expect to realize and collect from its various sources, based on past collections and forecasting future availability, approximately \$3,145,000 during fiscal year 2006-07. This amount includes several significant areas:

Charges for services	\$ 2,850,000
Tire and white goods disposal tax	220,000
Investment earnings	<u>75,000</u>
Total Estimated Revenues	<u>\$ 3,145,000</u>

II. CONTINUATION EXPENDITURE BUDGET FOR 2006-07

For 2006-07, the Solid Waste Enterprise Fund will continue to fully support the disposal of solid waste in Rowan County through the use of tipping fees. It is estimated that the following program operations will be provided:

Landfill operations	\$ 1,959,929
Recycling operations	559,245
Sanitation	<u>625,826</u>
Total Estimated Expenditures	<u>\$ 3,145,000</u>

Landfill services will remain consistent with those provided in the current fiscal year. Major equipment will be purchased in accordance with the replacement schedule and \$325,000 has been budgeted for that purpose. A reserve of \$569,072 will be set aside in accordance with State requirements to close and monitor the Landfill, as well as to provide for environmental liability protection.

III. EXPANSION EXPENDITURE BUDGET FOR 2006-07

Paving projects at the Landfill and the Recycling Center are requested and recommended in the Expansion Budget. The estimated cost of these projects total \$284,421 and will be funded from State white goods grants, which are restricted funds and are held in reserve in this fund.

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



Fiscal Year 2006-07

Fund 602 – Sports Authority Fund

William K. Cowan, County Manager

May 15, 2006

I. EXECUTIVE SUMMARY

The Sports Authority Fund was established by joint resolution of the Board of County Commissioners and the Kannapolis City Council in an effort to oversee and operate Fieldcrest Cannon Stadium. The primary objective of the Consortium is to provide recreation and entertainment to the area's citizens. Rowan County is the principal equity owner in the Stadium at approximately 75%, with the City of Kannapolis' share representing 25%. In addition, Rowan County has been the primary custodian of the stadium, grounds and other support facilities, maintains the accounting records and reports the annual activity to all parties.

II. ESTIMATED AVAILABLE REVENUES FOR 2006-07

It is estimated that the Consortium can expect to realize and collect the following revenues:

Charges for services	\$ 75,000
Contribution from City of Kannapolis	153,000
Investment earnings	10,000
Appropriated fund balance	<u>48,280</u>
Total Estimated Revenues	<u>\$ 286,280</u>

III. CONTINUATION EXPENDITURE BUDGET FOR 2006-07

The objective of the expenditure budget is to provide for the minimum operations and maintenance of the Stadium while retaining any remaining amount (if any) for the principle equity holders, Rowan County and the City of Kannapolis. The expenditure budget provides for payment of utilities and normal maintenance and repairs to maintain the integrity of the professional playing field, stadium and support facilities. Debt service for the initial \$3.0 million installment loan was retired in fiscal year 2004-05. However, in accordance with the original agreement between the City of Kannapolis and Rowan County, the City agreed to repay the County (guarantor of the loan) its share of \$1.5 million plus interest over a fifteen-year period. The payment reflected in Fund 602 of \$153,000 is owed to Rowan County, who retired the installment loan in a ten-year period. Consequently, a transfer of the said amount is reflected as a "Transfer to other funds (Fund 101)".

The following expenditures are estimated as follows:

Sports Authority operations	\$ 133,280
Transfer to other funds	<u>153,000</u>
Total Estimated Expenditures	<u>\$ 286,280</u>